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FOR ALL \*CONCERENED, INCLUDING THE WESTERN CREDITORS,  
IT IS BETTER THAT POLAND IS IN THAN OUT. TO THE ISSUE  
OF WHETHER THE GOVERNMENT COULD USE IMF AS THE SCAPEGOAT  
FOR MORE ECONOMIC AUSTERITY, KARCI SAID THAT WHILE SOME  
INTELLECTUALS MIGHT BELIEVE IT, POLISH WORKERS WOULD BE  
FAR MORE DIFFICULT TO CONVINCE.

4. PARIS CLUB: KARCZ SAID HE WAS NOT AWARE OF WHEN THE NEXT PARIS CLUB MEETING WOULD BE, SAYING THAT HE HAD HEARD BOTH SEPTEMBER 6 AND SEPTEMBER 14 AS POSSIBLE DATES. HE OFFERED NO NEW THOUGHTS ON THE IMPASSE OVER THE NON-CONSOLIDATED DEBT OWED THE U.S.

KARCZ NOTED THAT HE OWES A RESPONSE TO THE JULY 16 LETTER FROM DAS CONSTABLE AND IN PARTICULAR TO THE QUESTION OF WHETHER THE POLISH GOVERNMENT WOULD BE WILLING TO PROCEED IN THE ABSENCE OF SIGNED IMPLEMENTING AGREEMENTS. HE SAID HE EXPECTS TO PREPARE A RESPONSE THE WEEK OF AUGUST 20. IMPLYING, AS HE DID UPON INITIAL RECEIPT OF THE LETTER, THAT PROCEEDING

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 WITHOUT IMPLEMENTING AGREEMENTS MIGHT BE WORKABLE,  
 KARCZ SAID THAT THERE ARE STILL MANY TECHNICAL ISSUES  
 TO CLEAR UP, RETURNING TO A THEME RAISED IN REFTEL, HE  
 STRESSED THAT THERE SHOULD BE NO MISUNDERSTANDINGS.  
 WITH THIS IN MIND, HE RENEWED HIS INTEREST IN A MEETING  
 WITH DAS CONSTABLE IN WARSAW, WASHINGTON OR ELSEWHERE  
 AND EMPHASIZED THAT THE AGENDA FOR SUCH A MEETING WOULD  
 BE STRICTLY BILATERAL ISSUES RELATING TO THE OFFICIAL DEBT  
 OWED TO THE U.S.

5. REQUEST FOR CLARIFICATION: OUR UNDERSTANDING OF THE AMOUNT DUE THE U.S. FROM THE NON-CONSOLIDATED DEBT IS 28.322 MILLION DOLLARS PLUS INTEREST ON NON-CONSOLIDATED ARREARS OF 7.900 MILLION FOR A TOTAL OF 36.122 MILLION DOLLARS. (THE INTEREST WOULD BE SOMEWHAT LESS IF THE CALCULATION IS MADE BEFORE MAY 31). KARCZ INDICATED THAT HIS UNDERSTANDING IS THAT INTEREST ON ARREARAGE OF THE NON-CONSOLIDATED DEBT IS NOT INCLUDED IN THE PARIS CLUB DEMAND FOR UP FRONT PAYMENT OF NON-CONSOLIDATED DEBT OWED TO THE U.S. WE BASE OUR UNDERSTANDING (AMONG OTHER REFERENCES) ON THE CREDITOR NON-PAPER (CONTAINED IN REFTTEL) WHICH WAS HANDED TO THE POLES AT THE JULY 7 PARIS CLUB MEETING. KARCZ, INSTEAD, USED A FIGURE OF ROUGHLY 24 MILLION DOLLARS WHICH HE DESCRIBED AS THE DIFFERENCE BETWEEN THE TWENTY PERCENT OF NON-CONSOLIDATED DEBT THAT THE POLES ARE WILLING TO PAY IMMEDIATELY (IN THE FRAMEWORK OF THE 20/30/50 FORMULA FOR CONSOLIDATED AMOUNTS) AND THE 100 PERCENT THAT THE PARIS CLUB HAS DEMANDED. FOR OUR OWN INFORMATION, WE WOULD APPRECIATE CLARIFICATION OF THESE AMOUNTS.

DAVIS

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[illegible]